

**State Employee Benefits Advisory Council Meeting**  
**March 21, 2013**  
**Statewide Benefits Office**  
**Dover, Delaware**

The State Employee Benefits Advisory Council met on March 21, 2013 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Faith Rentz, OMB, SW Benefits,  
Deputy Director  
Pat Griffin, Chair, SEBAC, AOC  
Marsha Carson, SEBAC, DOS  
Mary Cooke, SEBAC, DOE

David Wright, SEBAC, DSEA  
Dawn Davis, OMB, SW Benefits  
Dave Leiter, DHSS  
Paula Roy, Roy Assoc.

Ms. Griffin called the meeting to order at 3:10 p.m.

**Approval of Minutes – (handout)**

Ms. Griffin asked for a motion for approval of the March 7, 2013 minutes. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

**Update of SEBC Activities**

Ms. Rentz provided updates from the March 11, 2013 SEBC meeting. She commented that the final outcome regarding Eligibility Rules 5.14 and 5.21 was as reviewed at the March 7, 2013 SEBAC meeting. The Statewide Benefits Office recommended no changes be made to the refund periods. For clarity purposes only, the language was updated to include Pensioners. It was recommended and agreed upon that Item 5.21 collection period be changed from a three year collection period to a one year collection period. Changes will be updated in the Register of Regulations on April 1, 2013.

Regarding options to close the FY2014 Group Health budget, Ms. Rentz reiterated the three options which were presented to SEBC for consideration. The Committee approved Option C, which allows the surplus to fund the \$12.5M deficit gap. The approval of the FY2014 Group Health Plan rates as presented and utilization of one-time surplus funds were combined since one depended on the other. The FY14 DelaWELL Silver and Gold Level incentive structure was approved. Cost and coverage considerations of the women's preventative services for the CDH plans, implantable contraceptive device coverage for Aetna HMO Plan and Generic Prescription Copay Waiver Campaign were also approved.

Ms. Rentz stated that the two items on the agenda for the March 25, SEBC meeting will be the Insurance Commissioner's request that the SEBC evaluate the impact of increasing the Risk-Based Capital minimum reserve from 205 to possibly 210 percent. Highmark Blue Cross Blue Shield will present a brief overview about the benefits of the Highmark Blue Cross affiliation. Delaware Blue Cross Blue Shield will convert to the Highmark platform at the end of April.

Ms. Rentz reviewed the February 2013 Fund Equity report with the group. A discussion ensued about OPEB (Other Post Employment Benefits). Ms. Rentz explained that the OPEB Trust is only marginally funded, that small contributions are made each payday and it will take decades to become fully funded like the Pension Fund. It was discussed that there was an accounting error and that the Risk-Based Capital minimum reserve did not increase from 200 to 205 percent as approved last year. Therefore, the

\$61M is a reflection of 200 percent and would need to increase by \$1M to reach the 205 percentile. SEBAC agrees that additional surplus money will allow the SEBC more flexibility to use surplus funds to offset premium increases and pay fund expenses and therefore should not be tied down by being moved to the reserve.

Mr. Leiter asked what was more financially feasible to the fund, to keep the money in the surplus or move it to the reserve. Ms. Rentz explained that there is no financial benefit to the fund as interest income does not remain with the fund. This sparked some interesting discussion and Ms. Griffin proposed that the SEBC take legislative action to change this.

Ms. Cooke brought up the School Personnel Director's concerns over the Employer Shared Responsibility issue. Ms. Rentz shared what is being done in preparation of the employer mandate and that Ms. Lakeman plans to address the issue before School Business Managers in May when we hope to have a clearer picture of the issue. Ms. Cooke asked that we be sure to bring School Personnel Directors group into the loop as well.

#### **SEBAC Comments to SEBC**

- SEBAC does not recommend increasing the reserve beyond 205% and utilizing additional surplus funds for the next year.
- SEBAC also recommends that legislative action be considered to revert interest income accrued on health funds back to the group health insurance fund.

#### **Public Comment**

None.

Ms. Griffin advised that SEBAC will meet next on April 18, 2013, and asked for a motion to adjourn. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon a unanimous verbal approval, the meeting adjourned at 4:25 p.m.

Respectfully submitted,

Dawn M. Davis  
Secretary  
Statewide Benefits, OMB